



SHERWOOD CITY COUNCIL MINUTES
22560 SW Pine St., Sherwood, Or
October 15, 2013

WORK SESSION

- 1. CALL TO ORDER:** Mayor Bill Middleton called the meeting to order at 5:32 pm.
- 2. COUNCIL PRESENT:** Mayor Bill Middleton, Council President Linda Henderson, Councilors Bill Butterfield, and Matt Langer. Councilors Dave Grant arrived at 5:35 pm, Krisanna Clark arrived at 5:38 pm and Robyn Folsom arrived at 5:43 pm.
- 3. STAFF AND LEGAL COUNSEL PRESENT:** Joseph Gall City Manager, Tom Pessemier Assistant City Manager, Julie Blums Finance Director, Julia Hajduk Community Development Director, Kristen Switzer Community Services Director, Richard Sattler Utility Manager, Colleen Resch Administrative Assistant and Sylvia Murphy City Recorder. City Attorney Pam Beery.
- 4. OTHERS PRESENT:** Steve Hunter, YMCA of Columbia Willamette Vice President/Chief Financial Officer.
- 5. TOPICS DISCUSSED:**

A. Discussion on YMCA Financials

City Manager Joe Gall reminded the Council they met in a work session in August 2013 at which time they requested additional information on financials. He said they have received the last five years of the YMCA audits and may have additional questions.

Mayor Middleton referred to the original agreement and changes in programing and use of other YMCA facilities that are no longer available for use as they have closed down. He commented regarding Sherwood increasing the % given to the YMCA and referred to the reports, Balance Sheets Scenario 1. Mr. Hunter explained this document is a summary of what has taken place and stated documents 1, 2 & 3 give comparisons of different ways the contract can be interpreted as far as overhead contribution and how the excess is handled and calculated. He asked for clarification on the Mayor's comment of percentages increasing.

The Mayor stated our contributions to Corporate YMCA have continued to climb, except for the last two years where it decreased. He asked if the \$338,862 is what Sherwood gives to corporate per year. Mr. Hunter said for 2012, this report was done in July and the audit has not been completed yet, and this is an approximation. The \$338,000 is the 15% of the revenues described in the contract given by the

Sherwood facility to the overhead contributions to the association. The Mayor said we see a reduction almost every year in membership, so should this reduce our contributions also? He asked what the \$338,000 goes towards. Mr. Hunter said it goes to pay for overhead services that we provide and those are described later in the packet. He said it pays for HR services, Risk Management services, accounting services, billing services and IT services.

The Mayor asked for an explanation of "other services fee" on the quarterly reports, showing \$52,624 in 2008. Mr. Hunter replied "other services and fee", this is an income statement that is strictly for the Sherwood YMCA and "other services fees" are for contract services for outside vendors, not related to services we provide in terms of our overhead services. He said our overhead services are under "Inner Branch Transfers". He said he did not have the details but these are for outside vendors. Discussion occurred and an example was provided by Mr. Hunter, and he said on a broader sense for services at other facilities, a service of paying for referees for games.

Mayor Middleton asked for a better breakdown and referred to quarterly reports and said when they go up, our 15% continues to climb. He asked regarding "occupancy" for \$394,000. Mr. Hunter replied this includes utilities, interest and principle payments we make to the City for the debt we are helping to pay off, it includes maintenance for things done within the facility and custodial services. Mr. Hunter clarified "equipment maintenance" is for exercise equipment as opposed to building equipment. He gave the example of repair or maintenance of the HVAC system would fall under "occupancy". Whereas exercise equipment falls under "equipment", the Mayor asked if broken down details were available, Mr. Hunter confirmed more details are available.

Mayor Middleton referred to salaries and wages and the continual increase and said this is common, but with membership decreasing, he believes the City's fee should be dropping dramatically as there are fewer people and we should have fewer employees. Mr. Hunter replied the fee per the contract is based on the revenues and revenues are a matter of membership fees and program fees and any adjustments in terms of these fees, as far as the fees increasing, even if membership could drop a bit, you still could have a revenue increase. He stated the contract is 15% of revenues not including the contributions. He said anything that drives revenues up, and gave examples, may offset downward movement in terms of the number of members. Mayor Middleton asked regarding types of youth programs currently available that are different from football and baseball. Council comments were received regarding types of youth programs and Councilor Clark asked for another example in terms of the referees as she has never seen the use of referees at the Sherwood YMCA. Mr. Hunter replied they are used in other facilities and is not completely acquainted with the details of the daily operations of the Sherwood facility and could come back with the information. City Manager Gall asked the Council when they would like the detail and Council Clark replied she would like to know what falls under this and what we pay for it. Council comments were received regarding getting less for what we are paying for.

Mayor Middleton asked when Sherwood has a fundraising event, where does this revenue go. Mr. Hunter replied if it's a special event, it falls under "Special Event" and if it's a general contribution it would go under either number 1 or 3 line items in the report. The Mayor confirmed earnings from special events held at the Sherwood facility stay with that facility, Mr. Hunter confirmed and said it's not part of the calculation overhead. Councilor Clark asked about campaigns and Mr. Hunter replied its part of the contributions for special events. She confirmed money earned in Sherwood stays in Sherwood, Mr. Hunter confirmed. Mayor Middleton asked what this amount was for this year. Mr. Hunter referred to quarterly income statements for 2012 and for first quarter 2013 and said through fourth quarter 2012 contributions were \$67,441 and special events were \$340. Mayor Middleton asked regarding programs

available in 2001 and asked if they have remained the same. Mr. Hunter replied the Executive Director could better answer this.

Mayor Middleton asked regarding rental of equipment and if equipment is owned. Mr. Hunter replied some is owned and some is leased depending on the equipment and said leasing allows for more turnover. Councilor Clark asked who we lease from. Mr. Hunter replied a variety of financial institutions and said the most recent was from Jewels & Associates (spelling?). Mayor Middleton asked if vendor information detail will be provided in the line items of the report. Mr. Hunter replied no, not by company and said he believes this information on equipment lease is listed on line 29 and offered to clarify this information. The Mayor said he would like to know how much the leases are and this is information he would like to see.

Councilor Clark asked if there is a financial schedule on the leasing of the cardio equipment, where it times out at a certain time and then replaced at that point and asked if this is handled by Mr. Hunter or the leasing company. Mr. Hunter said they negotiate the leases which contain an end to the lease and this is worked out with the Executive Director to determine if the equipment needs to be replaced and or if they buy it out at the end of the lease. Mayor Middleton commented the budgeting is done differently at the City and referenced conferences and said this is \$15,900 and would like to see this in more detail.

Councilor Clark stated the equipment expense maintenance appears to remain fairly steady in the reports provided and said if you are timing out on leases and then deciding to own the equipment there will be times that you own the equipment and are no longer paying a lease. She said this is confusing that it continues to increase and the equipment remains the same. Mr. Hunter replied in most cases they replace the equipment and said most leases run about 5 years and technology and equipment changes and consumer demands change. He said as a general rule, equipment is turned over more often than not. Councilor Clark stated until the remodel she has been working out on the same piece of equipment for 12 years and never saw a change in any of the machinery around it. She said she would like information on when the machines were changed out and new leases maintained and by whom.

Councilor Folsom stated she recalled older equipment being donated to the high school and Mr. Hunter replied he did not know. Discussion occurred regarding the timing of this and Mr. Hunter needing to identify a specific piece of equipment. Discussion occurred regarding the age of the equipment and number of hours on the equipment and this factoring into how often equipment is changed out.

Mayor Middleton asked for a complete breakdown of the 15% contribution that Sherwood sends to corporate YMCA. Mr. Hunter asked for clarification. Mayor Middleton gave an example of the \$338,862 in overhead contributions, and said he would like to know where this money goes. He said it is an arbitrary 15% that we agreed to in 1998. He commented regarding knowing where this money goes so the City can project in the future if it would be better to assume the Y at \$338,000 rather than have it go to corporate YMCA. Mr. Hunter replied they don't allocate the overhead out to our departments within the association of services, when we have 6 departments in terms of fund raising and risk management, accounting, finance and billing services, IT and HR, the money goes into a pot to support all of these services. He said each business branch contributes to this pot and this funds all the overhead services.

Councilor Folsom asked how this is determined by corporate, is it determined by number or employees or size of facility. Mr. Hunter replied this particular branch has a contract and all the other branches, we either own the property or lease. He said this is different as we have a contract that specifies 15%. Councilor Folsom confirmed the 15% is based on revenue. Mr. Hunter confirmed 15% of the gross

revenue, adjusted gross revenues, a total of revenues less contributions, as contributions stay within the facility.

Mayor Middleton asked how does revenue increase when membership goes down. Mr. Hunter referred to scenario 1 and said from the beginning to 2008 revenues continued to increase and after 2008, revenue has declined so the 15% rate has declined along with that revenue. He said in 2008 the 15% contribution was \$382,000 and in 2009 it was \$359,000. He said to look at the adjusted gross income, that is taking the revenue minus the contributions and there was a small increase in 2010 because there was a drop in contributions and in 2011 it went down to \$350,000 and in 2012 it went down to \$338,000. He said for the last 5 years it has declined.

Mayor Middleton referred to the operating agreement where it indicates what the City is getting for our money and said some of those have gone away, specifically the other YMCA facilities. Discussion occurred with the Beaverton Hoop being an exercise facility that runs programs. Mayor Middleton stated maybe it is time to adjust our contributions if we are getting less for our money. Discussion occurred and a reference was made to a memo from Bob Hall dated June 14th. Mr. Hunter stated this memo was a memo he wrote to Bob Hall and was based upon other documents received by the Council. Mr. Hunter stated it has been their intent to adhere to the operating agreement in all points and said the operating agreement indicates the overhead charges are 15% of the revenues and this is the only thing it says about what the overhead charges are based on. He asked for clarification. Mayor Middleton asked if all the programs are still occurring in comparison to the date when the agreement was originally signed. Mr. Hunter asked to see the operating agreement that specifies the programs agreed to. Mayor Middleton referred to something from 2001 and said we don't have anything newer than that. Mr. Hunter asked if the referred to document was part of the operating agreement. Mayor Middleton stated this was the "financial and operating report" and said he didn't know if these still exist. Mr. Hunter replied programs change regularly and explained.

Discussion occurred regarding the reports provided to the Council and Mr. Hunter stated his understanding of the agreement is that they provide monthly reports of activities within the facility and a financial report through the Executive Director and these have been provided for a number of years. City Manager Gall stated he has been receiving them within the last year. Mayor Middleton stated prior to that, this is an issue with the operating agreement that if we are adhering to the operating agreement we need these reports when due per the contract.

Councilor Langer commented reports may have been lost in transition of staff and changes in the City Manager, liaison shifts to the Y Board and paper work going through that position. He stated different staff members have been assigned to the Y Board. Discussion occurred. Councilor Langer stated as the liaison to the Y Board, he did not hear the City telling him to bring these reports back to the City. He said the City has some responsibility in the reports not being on file at the City. Mr. Hunter stated they have provided annual reports for a number of years since the inception of the program. He said quarterly reports have also been provided, but due to software changes, these reports don't go back to earlier years. Discussion occurred regarding audits and the agreement and things being specific to Sherwood because of the unique contract. Mr. Hunter said specifically the calculation of the management fee and the calculation of the excess that the Y has been using for the budgeted amount for future capital needs and maintenance needs of the facility, and the calculation of that the auditor reviews as well. Councilor Clark asked regarding excess and if Mr. Hunter was addressing the 20% above operating, where it speaks to, *If the annual facility revenues covering operating expenses and the City's fee provided in paragraph c, any additional revenue shall be divided 20% to the City and 80% to the operator for*

Sherwood operations. She asked if this is the excess Mr. Hunter is speaking of. She said she does not recall ever receiving money back from the YMCA, and are you saying there was never an excess and the operating expenses always met the revenue exactly. Mr. Hunter replied the 20% if you read through that, once you get past a certain amount its split between the YMCA and the City, neither the YMCA or the City has received any of that excess and the reason for that, he referred to paragraph E, it says, *the operating budget shall include reasonable reserves for repairs and replacements of equipment and the buildings structural components which are the responsibility of the operator pursuant to this agreement and shall otherwise confirm to the requirements of this agreement.* He said *the advisor Board established in section 7 shall review and approve the annual operating budget of the facility.* He said rather than putting an estimate above the net line in the budget on an annual basis for these reserves, anything that is an excess above and beyond what was paid to pay for all the expenses of the facility which includes the overhead charge, any of those excess then become that reserve. Ms. Clark asked where that reserve is listed. Mr. Hunter replied the reserve is listed in a financial statement, as the Council has, and it's the accumulation of all the positive nets, less any capital expenditures. He referred to charts he prepared and said depending on how you interpret the agreement there could be a substantial swing of up to ¾ of a million dollars in terms of what is actually set aside in those reserves. He said we could go anywhere from \$456,000 that is owed to the YMCA to a positive \$300,000 that is in reserve ready to pay for repairs and equipment within the facility. He said what we have done on a historical basis as of the end of 2012, there is about \$300,000 in that reserve because we have taken a more conservative approach. He explained it's an accumulation of the positive nets, less passed capital expenditures.

Councilor Folsom referred to this as not being part of the agreement and Mr. Hunter stated it is part of the agreement. She said it's written in the agreement that the excess would be used in that manner? Mr. Hunter explained the way the agreement is written, we are to budget for these reserves every year. Ms. Folsom replied the way you chose to budget was to use the excess? He said that was the agreement with the City Manager and others within the City at the time we started that process.

Ms. Clark asked if this is based on reasonable reserves. Mr. Hunter replied yes. She replied reasonable reserves is a flex term and is whatever you decide is reasonable. Mr. Hunter replied and gave the example of a "refresh", referring to the remodeling of the facility, and said this is where the money for a refresh comes from. Ms. Clark asked how many other times has a "refresh" been done in the years you have had the YMCA. Mr. Hunter replied he doesn't know.

Councilor Folsom stated going forward it would be prudent to have that more clearly stated in any future agreements. Mr. Hunter agreed and said if we wanted to interpret the calculation piece differently there are a number of ways we can interpret and calculate expenses. He said generally in looking at financial statements you include depreciations in expense, even though it's non cash. He said what we have chosen to do when we calculate that reserve is we have taken depreciation out of the equation. Ms. Folsom replied you would as you do not own the building. Mr. Hunter replied the depreciation is not in the building, it's in the equipment within the building that we pay for out of those reserves. Ms. Folsom confirmed they don't take the building depreciation, but take the equipment depreciation out of the calculation. Mr. Hunter confirmed this is correct and said the building depreciation is not seen anywhere on our books. He stated they have said they are using the excess funds to fund capital outlay. He explained further and stated if we went by true accounting and took it literally in how it is stated, the calculation would be that the Sherwood facility would owe the corporate YMCA \$450,000. He said by taking a more conservative view and taking the depreciation out, that leaves \$300,000+ in a reserve account for the Sherwood YMCA to use for capital expenses.

Ms. Folsom referred to comments made by Mr. Hunter to an equipment fee in another fund and this not being for treadmills but for an HVAC system. She said 3 or 4 years ago the City took over the maintenance of that. Mr. Hunter replied not the HVAC system and said he is aware of them having a contract with a company that maintains those systems and recalls the contract being \$60,000 per year. Ms. Folsom asked how did it impact our expenses with regard to the YMCA, when the City had to step in and have Craig (Public Works Director) step in and maintain the facility when that was part of the original agreement. Discussion followed with repairs to the roof, walls and grout.

Assistant City Manager Tom Pessemier replied the contract separates out different maintenance items and maintenance to the actual building walls, windows, roof type structures is the responsibility of the City because it's our asset. He said we have had conversations over time, but there is in the contract a differentiation of the different types of maintenance. He said it is not as clear as it could be.

Ms. Folsom stated we need to be clearer on the expectations of both parties.

Mayor Middleton stated he believes the contract needs to be rewritten and referred to the contract from 2008 that we go by and it not being clear. He said if Mr. Hunter and the Y are going by the 2008 contract then that makes sense and if you're not then Westside, where we were paying 7% and 8% to corporate, and if there is no Westside.....Mr. Hunter stated there is an addendum to the contract and Mayor Middleton stated its not signed and not completed. Mr. Hunter replied they have signed the addendum.

Mayor Middleton commented regarding this being a good time as the addendum not being signed or approved by us, and referred to a prior City Manager, John Morgan. He said to make this a working part of the other agreement, we need to redo the contract. He said the addendum was given to the City Manager at the time to finish and sign and he did not sign it and we now need to get this all into one package to get a contract we all understand that is simple, versus referring to two different agreements. He stated this is a good time with the new City Manager and the current Council to review the agreements. He stated the current Board of 36 members is unacceptable, he said financial wise we need to have our Finance Director, City Manager and City Council involved with the YMCA and make this a readable agreement as times have changed. Mayor Middleton commented regarding the closing of the Westside facility and losing this and it being part of the agreement. Mr. Hunter replied the Westside was there only from a supervisory perspective and was never a facility. Discussion occurred regarding this facility and Mr. Hunter stated this is why the addendum was done to transfer that supervisory responsibility. Mayor Middleton replied by stating the addendum was never signed by the City.

Mayor Middleton stated his recommendation is for the City Manager to renegotiate the agreement and come back to the City Council with one solid contract. He commented regarding the current agreement being difficult to read and not having the past financials. Mr. Hunter replied they do have the annuals of the past, but don't have the quarterlies of the past and all the financial documents are here. Discussion occurred regarding the documents and Mr. Hunter confirmed the reports were for the Sherwood facility only.

City Manager Gall asked for comments or suggestions from the Council.

Councilor Butterfield said when we do get back together we need to get the people that put this budget together back in this room. He stated Mr. Hunter can't tell us exactly what is going on and he did not put it together and recommends when we next meet we get the right people on the room.

Councilor Henderson stated she was concerned with how the maintenance was handled and said it's a unique situation that we own the building but don't maintain the inside of the building and this is the part of the building that really gets used. City Manager Gall asked for clarification on the expectation of maintenance. Ms. Henderson replied the standard of maintenance for the City is higher than what the YMCA is currently maintained at and doesn't believe the contract addresses it clearly. She commented regarding City staff already maintaining buildings and opportunities to partner with the YMCA and save money and the YMCA not always having to hire subcontractors on their own when the City has experience with vendors. She gave an example of the City purchasing playground equipment and having contracts with State agencies and saved by going through the State and purchasing through a contract as opposed to going out on the open market and paying full price. She commented regarding opportunities to partner on the maintenance and commented regarding making capital purchases of equipment, she asked who makes that decision and who decides if it's the right decision. She commented regarding the excess of 80-20 and setting money aside for expenses, less capital expenditures, she asked who makes those decisions and the capital money that comes out of that fund, how is that spent. She commented regarding not knowing who makes these decisions and it possibly being the Board, and heard that Board meetings were closed to the public. She stated she now understands that is not true and nowhere on the YMCA website is a schedule of when the Board meets, no minutes are published and for a public facility she does not think this is great transparency.

Councilor Folsom commented regarding the refresh that was recently done on the building and this being a wakeup call. She gave the example of owning property and the renters making wide scale improvements without informing the property owner. She said not only could we have partnered, we could have helped plan the process as we represent the voice of the community. She stated we want to partner with the YMCA Board to make sure we do this smoothly. She commented regarding having a fiduciary responsibility to protect the future of the facility.

Mr. Hunter replied he appreciates that and the Board represents the community as well and that is why they are there and their input is important in programs and processes and things related to things like the refresh and what's available within and outside the building as far as programming. Councilor Folsom commented regarding being responsible to the community for the facility.

Councilor Langer commented regarding sitting on the Y Board for the last few years and said it sounds like we need better communications on both sides and what the City can be doing and what the Council needs to focus on more, it may be to assign a staff member to be working with the YMCA to get this information back. He stated in regards to the refresh, in May, these were conversations at the Board over several months and there were no surprises. He stated it's all about communication and commented that the Board meetings are open for people to attend and anyone can ask him if they have questions. He commented regarding the language in the agreement and modifying the words today and said the people that wrote that document in 2008, they understood what they meant by the intent of it and understood they were familiar with the Y and the City's operations at a certain point and that document served their needs. He said he sees new people coming on, unfamiliar with the document, unfamiliar with the YMCA and operations and relationship between the City and the YMCA and thinks that a fix is only changing the document, versus it's understanding globally, both on the City side and YMCA and how they operate and getting involved. He commented regarding getting involved and this

taking time and energy, and communicating with the people to articulate through situations to get what you want and just changing the contract isn't necessarily the solution. He said this document has lasted a long time and our attorneys have advised us what we have is legally binding and it functions and if some people are unhappy with it we need to come to the table, talk about it and resolve it.

Councilor Clark stated she was on the Y Board for several years and has seen both sides and is there almost every day and has seen changes through the years. She stated she sees more of an issue with accountability and has made many suggestions and some have been heard and others have been ignored because of manager decisions. She stated it's about accountability and accountability to the citizens and accountability to the Council and the City. She stated she did not hear the City attorney say it was a great document and heard it was not a great document and believes it could help both sides with the accountability piece if they understood what they are supposed to be accountable for. She stated she believes cleaning that up and believes it's great to have a big Board and when she was on the Board it was a large Board and they spoke a lot of programming and visionary things with the YMCA. She said as far as financial accountability to the City and the citizens that really needs to be more of a small group that has a lot of representation from the City via either staff or a combination of staff and Council that represents the citizens and the Board that is a Y Board, it represents the YMCA, some are citizens of Sherwood and some are not. She stated the more volunteers the better and that is what makes a great community as we have people that are not in the City boundaries that are still in Sherwood but don't live within the City boundary and we are accountable financially to the citizens that live in the City of Sherwood. She stated she believes this is the piece that is missing in this document and as a longtime patron that has served on the Board, she sees this as missing.

Mayor Middleton stated if our legal counsel has said this is not a great agreement, then it's not and there is no reason why it can't be. He commented regarding the financials being a large amount of money and he pays taxes and the Council being accountable to the City citizens.

Councilor Grant stated he doesn't see this as being difficult to put together, the addendum that is not signed, as we have Council action on it and put it together with the original agreement to have a starting point that is mutually agreeable to everyone and from there make mutually agreed upon changes.

Mayor Middleton replied this is what we are looking for. City Manager Gall stated he believes clarity is needed from a staff standpoint as well as clarity wanted from the YMCA. He reminded that the agreement is 15 years old and needs to be improved. Discussion occurred regarding needing better communication from both parties.

Mr. Hunter stated if it's an issue of communication and the City wants additional things, communication wise, they are open to hearing those things and able to provide them.

Mayor Middleton thanked Mr. Hunter and addressed the next work session subject.

City Recorder Note: Documents referenced were not distributed at the work session and were not introduced into the record. The City Council meeting record for October 15, 2013 does not include these documents.

B. Water Rate Study

Raymond Bartlett with Economic Financial Analysis presented information to the Council, Water Utility: Financial Forecast & Water Rates (see record, Exhibit A) and explained. He stated the joint water

project with Wilsonville has left the City with an annual debt service of \$1.8 million per year for the next 26 years. He said the project came in under budget and the City will be getting back \$2 million. He said rates have been adjusted accordingly over time and as of this year we have \$6.5 million in cash, water rates are covering operating expenses but not covering most of the debt service. He said the City over the next few years will need to increase rates or increase sales to increase revenues to cover operating costs as well as debt service. He said options have been provided to the City of not passing any rate increases, adopting 2, 3 or 4% rate increases and in each case we are assuming the City grows at the rate of 1% per year. He explained past growth of the City at 4% per year. Mr. Bartlett referenced the graphs on page 9 of the exhibit and explained future options.

He informed the Council the two graphs were reversed, the heading from the top graph belongs to the graph on the bottom of the page.

He explained the graphs. He referred to Table 3 on page 5 and explained Capital Expenditures. He stated the capital improvements listed came from a Master Plan that was written before the City went to the Wilsonville Water Treatment Plant and was still on a well system. He stated when a new Master Plan is completed the projects will probably change. He said there are some projects listed without a cost and these are future construction projects pushed out past 2018. He explained risks, as growth and the City not knowing where this is going, capital expenditure and not know what they will be and the operating cost of the water treatment plant and how that gets passed on. He said we face uncertainty in the next few years.

Mr. Bartlett recommended the City make a rate adjustment this next year and reevaluate a year from that, after the completion of a Master Plan. He stated the rate adjustments of 2, 3 or 4% per year are small in comparison to other jurisdictions with 5, 10 or 15% per year because they don't have cash reserves to buffer the impacts of changes to operations and costs to operate the system.

Discussion occurred regarding the City owning the rights to 5 MGD (million gallons per day). Mr. Bartlett stated the City is set with the amount of water supply available and can grow into it. Discussion occurred regarding TVWD (Tualatin Valley Water District) maintaining the City's system in the past and with the new system, the City in 2009 taking over the system and maintaining it. Discussion occurred and Julie Blums Finance Director explained the advantages of coming away from TVWD and the City maintaining the system; monthly billing to ease rates, and timing was right to take back operations when the City ventured to go to the Willamette Treatment Plant.

Julie Blums stated the City has been working on the rate study for quite a while and because the Master Plan is being updated within the next year, her recommendation is to have a 2% increase this year in January 2014 and then reevaluate when the Master Plan is completed, see what capital projects are listed and see what our growth is this year and see if we get any partners. She stated if we get partners, that changes everything. Julie referenced the last page in the exhibit indicating rates with the 2% increase and it resulting in a little bit over \$1.00 per month. Discussion occurred regarding the reserve amounts and Mr. Bartlett explained. Discussion occurred regarding prior rate increases and the last increase occurring 2 years ago.

Councilor Folsom commented regarding citizens not being happy with rate increases and stated she would prefer to wait and obtain more information and possibly having a 3% increase next year.

Mayor Middleton replied he agreed to wait until the Master Plan was completed. Discussion occurred regarding what we would be paying TVWD and what we would be paying Portland as being on water wells did not meet the City's needs. The Council discussed owning water rights and City Attorney Pam Beery briefly spoke of the City's agreement with Wilsonville.

City Manager Gall asked if the City waited 1 year, how much would that eat into our cash. Discussion occurred and Julie referenced the chart on page 7 of the exhibit and explained. Discussion occurred regarding the completion of Water Segment 3 and the money the City will be getting back from Wilsonville. Mr. Bartlett stated the estimate he was given was approximately \$2 million.

Rich Sattler Public Works Utility Manager stated the City fronted all the cost of the final segment of the 48" transmission pipeline and we will be getting a little bit over half of this back, about \$2 million. Rich stated the project was about \$3.8 million.

Mayor Middleton clarified that the City could go one year without an increase. Discussion occurred regarding the customer paying now or later and if they would prefer a zero increase for a few years with a 5-7% increase in the future. Discussion occurred with many things being unclear at this time and potentially not having to do an increase. Discussion occurred regarding how much it would cost and Councilor Folsom stated she heard it was \$18,000, but the City dips into reserves \$1.4 million if we don't charge that \$18,000, basically its \$1 per household.

Julie Blums referred to page 7 of the exhibit and directed Council to the \$1.225 figure, the change from 2014 to 2015, this is how much we will dip into our reserves in fiscal year 2015, and this is if we do not have an increase. Discussion occurred regarding when and if an increase would occur and the manner of communicating to the community. Discussion occurred regarding ensuring staff schedules time to come back to the Council with information upon updating the Master Plan and informing of potential partners. Julie confirmed information would be coming back to the Council.

6. ADJOURN

Mayor Middleton adjourned the work session at 7:00 pm and convened to the regular Council session.

CITY COUNCIL MEETING

- 1. CALL TO ORDER:** Mayor Middleton called the meeting to order at 7:10 pm.
- 2. PLEDGE OF ALLEGIANCE:**
- 3. COUNCIL PRESENT:** Mayor Bill Middleton, Council President Linda Henderson, Councilors Dave Grant, Robyn Folsom, Bill Butterfield, Matt Langer, and Krisanna Clark.
- 4. STAFF AND LEGAL COUNSEL PRESENT:** Joseph Gall City Manager, Tom Pessemier Assistant City Manager, Jeff Groth Police Chief, Julia Hajduk Community Development Director, Julie Blums Finance Director, Bob Galati City Engineer, Administrative Assistant Colleen Resch and City Recorder Sylvia Murphy. City Attorney Pam Beery.

Mayor Middleton addressed the Consent Agenda and asked for a motion.

5. CONSENT AGENDA:

A. Approval of October 1, 2013 Council Meeting Minutes

MOTION: FROM COUNCIL PRESIDENT HENDERSON TO ADOPT THE CONSENT AGENDA, SECONDED BY COUNCILOR FOLSOM, MOTION PASSED 7:0, ALL PRESENT MEMBERS VOTED IN FAVOR.

Mayor Middleton addressed the next agenda item.

6. PRESENTATIONS:

A. Tri-met, SW Service Enhancement Plan

TriMet Service Planner Tom Mills came forward and provided a handout (see record, Exhibit B) and presented a power point "Southwest Service Enhancement Plan" (see record, Exhibit C). He said the plan is an effort to look at service in the southwest portion of the Metro area service district in ways TriMet can improve service in the short and long term. He noted the plan is out of the first phase of the SW Corridor Plan. He said Metro is looking at the high capacity potential and TriMet will be looking at the local service for this area. He commented as high capacity is developed communities want a say in what the local service will look like. He stated that it is time for a major review and it has been a long time since they have looked comprehensively at service in this portion of the region and how TriMet can make it better. He said they see themselves coming out of the recession and hope to have funds to do some new things and now is the time to start planning.

Mr. Mills said TriMet is engaged at looking at the region in sub-area levels and stated they recently completed a plan called the Westside Service Enhancement Plan, which was basically Scholls Ferry Road going north. He said this plan will be Scholls Ferry Road south swinging to the river. He noted all of the plans together will look at ways for near term and long term improvements to better serve the region. He noted much of the service in the region was designed a long time ago when the thought was everyone gets on the bus in the morning to go to downtown Portland. He stated that is not the case anymore but the service has not changed to meet that new reality and these subarea service enhancement plans will be addressing that.

Mr. Mills referred to a map of what the service looked like before they created the Westside Enhancement Plan, which can be found on the TriMet web site. He said data showed the need for more north/south and more frequent service. He referred to the outcome of the Westside Service Enhancement Plan and noted there is more north/south service and more frequent service lines and there is also a recommendation for a future high capacity line on TV Hwy. He said this is an example of what they would like to do for the Southwest Enhancement Plan and a future vision for long term service improvements and then start working toward implementing to improve transit service.

He referred to the boundaries of the study area which is essentially Scholls Ferry Road to the river, which is larger in area than the SW Corridor Plan that Metro is heading up. He said frankly transit service does not stay within boundaries. He noted the boundary also includes Wilsonville which is not in the TriMet district, but we have a lot of overlapping service and we need to work together more efficiently. He said just because we have a study area doesn't mean we won't look beyond this area.

Mr. Mills commented on the process and said it is a two prong process by looking at data collection and trip pattern data and what connections they are trying to make and then there is the outreach program and said that is why he is here tonight, to see where the community would like to see new services and improvements and what are they frustrated about. He said they will do outreach through the fall into early winter. He said they will take this information, from the data and recommendations, and will come up with some themes. He noted in the southwest portion of the region two things jump out, such as Sherwood does not have a connection with the Sherwood and Tualatin industrial area, no east/west service in this area and that is something they need look at. He referred to the TriMet system map and noted that a lot of the service in the southwest portion of the region is peak hour only service, basically commuter service and realizes that people travel all day long in this region and that will be addressed.

Mr. Mills said as they come up with themes they will develop a vision and recommendations for improved service and will develop a map just like the Westside map. He said by summer they will come back and talk to stakeholders and community groups for feedback. He commented that they will improve service but may not make everyone happy and by the end of 2014 they hope to have a document that everyone will agree on.

Mr. Mills said early implementation is important and referred to SW Corridor Process wanting changes on the ground sooner rather than later. He stated they don't want us to wait until the SW Corridor Plan makes recommendations for high capacity transit, but want changes done sooner. He mentioned they are already looking at restoring frequent bus service starting this March and commented on the recommendations for improving lines 47 and 48, and stated the improvements were done this fall. He said once they come up with a plan they will start making improvements right away. He commented it will be expensive but they want to incrementally every year show some progress.

Mayor Middleton commented that he has been involved with the Community Development Director and said that TriMet has been very cooperative, and have improved some of the service, and noted Julia Hajduk will be our contact here and asked if there were Council questions.

Council President Henderson referred to the process and asked Mr. Mills to give an idea of outreach to people who may not be riding the bus now because it may not be convenient. She said that most people want to go to Tualatin and get on WES or travel to Wilsonville.

Mr. Mills said they have identified stakeholders in all the communities that they want to reach out to, for example in Sherwood it is the Chamber of Commerce. He noted that they are considering holding community meetings where the public can come and give TriMet suggestions and said they would probably break out into groups and have the citizens design the service.

Councilor Henderson asked if part of the study will consider service within the City of Sherwood, such as a spot in Sherwood to another spot in Sherwood.

Mr. Mills said it will consider that and said that is called a "circulator" and said they typically don't do as well in terms of ridership. He said they could make a recommendation for partnering with the City as well as a nonprofit provider.

Mayor Middleton commented in terms of a circulator and asked whether Tualatin Chamber does a circulator.

Mr. Mills said that TriMet has a partnership with the Tualatin Chamber where TriMet applies for Federal funding for the circulator and they disburse the funding to a number of programs throughout the region and Tualatin Chamber is one of those recipients and that pays for the Chamber shuttle.

Mayor Middleton asked if that is something Sherwood could look into.

Mr. Mills said yes but reminded the Council that funding is hard, particularly communities on the edge of the urban growth boundary and said they are looking at finding alternative funding to do more flexible types of services. He gave an example of the City of Forest Grove where they partnered to provide a community shuttle bus where a TriMet bus would not get enough riders to make it financially feasible so they partnered with the City and ride connection to develop a community bus.

Julia Hajduk said they asked Mr. Mills to come and present this information and wants Council to be aware that this is happening and there will be opportunities to get involved and provide feedback throughout this process.

Mayor Middleton said when the Chamber meets it would be good to have the YMCA involved because a lot of people want to get to the YMCA. Mr. Mills said the YMCA is on his list and Julia also mentioned the Teen Center at the YMCA is also an attraction that people want to get to.

Councilor Folsom asked Julia how can we capture those riders from Sherwood and let them know that they need to take part in this conversation. Julia said that TriMet will do a good job at contacting riders but they are concerned about reaching the non-riders. She said they are considering stakeholders and asked Council to share any other stakeholder ideas.

Councilor Folsom referred to the publications and asked how we let people know about the data collection process and asked if the information is in the Archer or the Gazette.

Mr. Mills said he has been in touch with the Tribune and he understands that they own a lot of the local papers in Washington County. He said there is a community meeting in Tigard on November 6 and they will have an article on that and will continue to work with the Tribune to get the media attention for the meeting. He said anything on top of that would be great. Julia suggested the Archer and said at this point there are not specific meetings set but they can get the information out that the process is going on.

Councilor Folsom said as we look ahead to days and times for the meetings we need to be prepared to hit all the right buttons and referred to the Chamber being able to do media blasts.

Mayor Middleton thanked Mr. Mills and addressed the next agenda item.

7. NEW BUSINESS

A. Resolution 2013-054 Establishing the decision making structure and appointing the Local Citizen Advisory Committee for the City's Transportation System Plan (TSP) Update

City Engineer Bob Galati came forward and stated the resolution is to establish a Citizen Advisory Committee, a Technical Advisory Committee and Steering Committee for the TSP plan update. He said

we applied for and received a TGM grant to do a TSP update and we now need to define a process and structure for the public review process and decided it would be best serviced by a CAC, TAC and a Steering Committee process. He said what you see before you is a plan where we get this TSP update working. He stated they sent this out to the papers on September 23 and ran it for a week and they only received 5 applications and did not feel that was enough and wanted at least 10. He said they extended it to October 4 and received an additional 5 applicants. He said in reviewing the applicants they have a broad spectrum of interest and they asked the Planning Commission to look at the applicants and see if they had any problems with the applicants. He noted that they have not received any indication that there is problem with any of the applicants. He asked the Council to approve the resolution and to establish all 3 committees, the Steering Committee, the Technical Advisory Committee and the Citizen Advisory Committee.

With no Council comments, the following motion was received.

MOTION: FROM COUNCIL PRESIDENT HENDERSON TO ADOPT RESOLUTION 2013-054, SECONDED BY COUNCILOR BUTTERFIELD, MOTION PASSED 7:0, ALL PRESENT COUNCIL MEMBERS VOTED IN FAVOR.

Mayor Middleton addressed the next agenda item.

B. Resolution 2013-055 Creating the City Charter Review Committee

City Manager Joseph Gall reminded the Council that in the spring at their annual goal setting they discussed the formation of a City Charter Review Committee. He said the Charter was last reviewed in 2004 and it has been a number of years since there has been a comprehensive review. He said he has been working with Mayor Middleton and Council President Henderson on how to put such a committee together and the idea was a representative from each of the 6 boards and commissions and 3 at large citizens, forming a group of 9 members. He noted he anticipates that once the process gets going, if you create this committee by adopting this resolution tonight, the applications for the at large positions will be available starting tomorrow through Friday November 1, and on Tuesday November 19 they will appoint the members to the committee by resolution and their first meeting would be Thursday, December 5. He said the goal is to have the committee do its work and bring any recommendations to the Council and they will decide if they want to put anything on the ballot. He asked for any questions.

Mayor Middleton announced that Council President Henderson volunteered to head the committee. He said this would be a public process and she will discuss the intent.

Council President Henderson said it is a good practice to review your Charter every 5 years and stated that it has been 5 years and noted that they did not really review the Charter in 2005 they just changed the way we elected Councilors by position instead of at large. She said they are hoping that citizens will review the Charter and have recommendations. She referred to things being outdated in the Charter and said they would like to look again at electing Councilors and said that a lot of people would like us to have a conversation about term limits and any other suggestions that people might have that makes this document what it is, which is the constitution of our City. She said this process will be a combination of those who serve on our boards and commissions who are willing to serve, and 3 members at large who will be appointed by the Mayor and approved by the Council. She said they will meet twice a month and report back to the Council with recommendations in a timely manner with the ultimate goal of being on the May 2014 ballot, which is a primary election.

Mayor Middleton clarified that when Councilor Henderson stated that he appoints them it is really by the Council and the other groups letting us know what they want, he will not be picking three people himself, but there will be a list and they will appoint with a consensus from others. He noted this is the first step in the process.

Council President Henderson noted that citizens that are interested in serving need to have lived within the City for a year and asked City Attorney Pam Berry if they were leaving in the "qualified elector" condition and asked her to clarify.

City Manager Joseph Gall proposed that it be left in and said it is standard to run for office and noted that as she said they will be working on what is equivalent to the City's constitution.

Pam Berry stated that a "qualified elector" is someone who is eligible to vote in elections within the City of Sherwood, which mean they have established residency and are registered to vote.

Mr. Gall commented that there would be an extra step to make sure that members meet that qualification, but we are prepared to do that.

Councilor Folsom noted the Charter is available on the City website and said it is under the City Council section and stated it would be helpful for citizens to review the Charter and it is our City's constitution and is important and she wanted to make it clear that this group will make recommendation that will potentially go to the ballot where the entire City has the opportunity to vote on any changes. She said this is important and is grateful that we are starting this process and she said they did put a Charter revision on the ballot a couple of years ago, but they did not have this process. She stated that when she asked in the surrounding area, they all used a Charter Review Committee. She referred to potential topics and asked if they could suggest ideas to the committee.

Councilor Henderson said yes.

Mayor Middleton asked if changes would be voted on separately on the ballot.

Mr. Gall said that is how they have done it in the past. He said the best way is to let the voters vote on them as separate amendments.

Councilor Henderson said these meetings will be open to the public.

Mr. Gall noted that the meetings will take place in this room and will be videoed and placed on the website so citizen can watch the committee's deliberations.

With no other questions or comments, the following motion was received.

MOTION: FROM COUNCIL PRESIDENT HENDERSON TO ADOPT RESOLUTION 2013-055, SECONDED BY COUNCILOR CLARK, MOTION PASSED 7:0, ALL PRESENT COUNCIL MEMBERS VOTED IN FAVOR.

Mayor Middleton addressed the next agenda item.

8. CITIZEN COMMENT

Susan Claus Sherwood resident came forward with a suggestion and stated that since Berry, Elsner and Hammond put this Charter in place, she would like outside counsel to do this project because BEH have a vested interest in guiding the Charter in the direction they want. She referred to the RFP to get new attorneys and said it was a flawed process and said that Council was going to revisit this and asked when that process to get a City Attorney would be. She reminded Council that BEH was the only proposal the City received from the RFP and asked for a good process that doesn't preclude interested people. She asked about the City Manager's review and asked if citizens could comment. Mayor Middleton said it is still in process. She said that we need a way for citizens to comment on the process and asked what the process is and she stated they used to have a public hearing, but now we don't, a night where people can come in a talk about what they want to talk about, good or bad, about the City Manager. She noted there is only one item on the ballot and said they are having trouble with the sign code again and she was hoping that would be revisited because we have some fundamental flaws and said it is problem all the way around and part of the problem is the City of Sherwood has carved out for itself its own exemption. She referred to City sponsored events and they can use banners as long as they get their special permit. She said people making political statements have a more rigorous standard and this is just one of the problems with the sign code. She said there are a lot of flaws and she would like to start the process again and would like to have a separate set of attorneys because these are the attorneys that already went in there and sprinkled there acknowledgement that the sign code was alright and she said she doesn't believe it is legally right. She suggested aggressive approaches against citizens and it is not fair and said there is a need to focus on a third party neutral. She stated that BEH have been here way too long and view this as their pod and in the meantime we are being subjected to crazy rules for political speech which is unconstitutional.

Neil Shannon 23997 SW Redfern Drive came forward and said it feels like two years ago when we had a City Charter on the November ballot with a Brookman Road Annexation on the ballot. He said he appreciates the approach to the City Charter review this time around. He said 2 years ago there was a split City Council that put that Charter revision on the ballot and it was a take it or leave it approach and while it was referred to as minor changes, there were some major changes involved in Mayor's terms of office and replacing of empty seats for City Council and he appreciated the citizen comments being allowed for a right and proper review of the Charter.

Kurt Kristensen 22520 SW Fair Oaks Court came forward and said he appreciates the work of the Council and said he doesn't agree with many of their decisions but that is how democracy works. He presented information to the Council (see record) and said it is positive to review the City Charter every 5 years but he is leery of the speed that they are suggesting. He said when we review the Constitution of the US it can take several months and years. He commented this looks like it is on a fast track and he is urging caution. He referred to an article and said that Hillsboro and the Tualatin Valley Water District are not going to play ball with us and share the water being pumped through our 40 million dollar system. He said in 2005 when we had the election to get the water from the Willamette River one of the things stated by the proponents was that Sherwood would sooner or later get buy-ins from other communities which would help lower our water rates. He noted this is not happening and now they are considering increasing the rates in Sherwood. He stated he is wondering if this water system, the golden elephant that we built, is too expensive for 18,000 people. He referred to the 2005 agreement with the Tualatin Water Valley District and said there is a possibility we could allow them to annex the water system so they could take over the capital costs. He commented he can no longer afford to water his garden. He said there are other concerns they need to look at and it is imprudent to have the same

engineering firm, Murray Smith, to continue with a master plan. He stated that they were the original firm that was used to promote the 2005 ballot and has been part of the construction and he referred to the legal consultation that was mentioned early and said sometimes it is good to go outside the flock and get a different opinion. He asked for a public acknowledgement from the Council as to if the City of Sherwood has water rights to the current amount and the future amount of water that we are having expensively pumped uphill from Wilsonville. He said TVWD is making a clear statement that they are going to own the plant and own the water rights and he is not sure if we do and the voters need to know that.

Mayor Middleton said the staff will get back to him.

Jim Claus 22211 SW Pacific Hwy. came forward and said he has heard terms about owning water and referred to broadband experts now and said to be careful and that is an appropriated water right which are not something that you own the water, just a particular amount of water under very strict conditions and nobody but a fool says they own the water. He said the Willamette River is the only non-oversubscribed river in the State of Oregon but it is becoming oversubscribed and that is enough to make you alarmed. He said the reason you get referendum initiatives and recall petitions is because people lose faith in their elected officials and the way you structure government. He said there should be a citizen committee where we move to restructure this City entirely, because the City Manager form of government that we have does not work. He stated that a number of things have occurred and you are heading towards litigation, he has started in the first step and hoped he would never have to go there and realizes what it takes to get through the full court system and referred to his experience in San Diego that took 9 years. He said in the end the City regretted litigating it and said that you are in the same position because you have created multiple sets of rules and referred to issues on 99W and people violating the State building code and they can't do anything about it because it was structured around the lawyers through your staff. He cautioned that everyone up there, with the exception of two, is up there for what they can get on the side or through it, not to make it work better. He said a strong City Manager form of government only works if it is carefully monitored. He said when we find out what we are paying for water and what Sacramento and Portland are paying and you have to ask if it has failed and suggested it has failed because over and over people look at what they can do for themselves and that is a mistake. He suggested that they are getting discriminatory treatment because you have pods of people that say that if so and so got away with it I can get away with it and then we are paying you through attorney fees to defend our rights. He said that is only going to go so long then you won't have this system any longer. He stated you can't conduct this system in a fair way, it is structurally flawed and has tainted 5 Councilors in his opinion and he will find out in depositions later and he has been accused of libel and slander about Walmart and that will be part of the course of action and said they are building slowly and carefully. He said it occurs because you don't have any information channels and said it starts with the City Manager filters to staff and starts with the City Attorney and it turns out that you did over pay for your water line but we couldn't have a public hearing because the staff with its 40 percent override thought it was a good idea.

Chris West 23779 SW Shady Grove Drive came forward and said he understands that at the Washington County Board of Commissioners meeting this morning the City gave its full support for the County plan to improve Tualatin Sherwood Road, including the part to remove a light between Albertsons and Regal Cinemas. He stated given that fact and tonight you passed Resolution 2013-054 he said he hoped with the committees that will be created out of that resolution, that as they begin to work on updating and amending the TSP that we will deal with improvements to Tualatin Sherwood Hwy and there will be conscious effort among the participants on those three committees to guarantee

reasonable access for businesses effected by the TSP and he hopes that access off of 99W will be part of that Regal Center and in addition to the completion of the extension of Baler Way all before the signal is removed. He said the City required the signal be there to provide reasonable access to that development. He said now that you have signed off on the County plan you need to guarantee reasonable access to those businesses affected. He stated that there are still two unanswered concerns that need to be addressed: how does a pedestrian signal at that location improve the traffic situation and if first responders will have access to the Regal Cinema after the improvements are done. He said he appreciated Council President Henderson's comments to the TriMet representative about effective public involvement and said this situation with the signal is a prime example of the outreach because after two short weeks they have over 1000 people and that shows how much can be done through correct public involvement. He said the City, the County and TriMet need to learn how to do it. He said he hopes the City will use these 1000 people as an asset to help come up with a solution and update the TSP as opposed to disenfranchising citizens. Mayor Middleton reminded him of the meeting tomorrow night.

Meerta Meyer, Sherwood resident came forward and echoed the disappointment of Council's perceived support of removal of the signal. She said she appreciates the Council passing a resolution to review the Charter and said appointing a committee to put together recommendations will be very well received by the community. She said it would be interesting to understand what the recommendation of staff was for the formation of the committee and to understand the financial impact of the committee and potentially staff and Attorney involvement. She said it would be helpful to understand what weight or criteria will be used upon reviewing the committee's recommendations. She commented on budget review and finances and said that she agrees and supports the SW Corridor expansion and the opportunity for citizen involvement but she said it leads to a lot of question by the community particularly monetary and traffic impact and with our new Finance Director in place she referred to City commitments. She said it would be helpful for Sherwood citizens as they look at the ballot and these items that they have a clear detailed understanding of what the City of Sherwood commitments are currently in a comprehensive manner and the financial impact of what has been paid and what is still owing and where the monies will come from and how that will be impacted by the taxpayers today and in the future. She noted that it is important before citizens are asked to vote, or presented with votes, that our government and staff within the City are helping our community understand the implications behind voting. She stated that she doesn't think that we have a clear understanding of all of the City's commitments whether it is associated with a particular development, or potential annexation, or the impact the SW Corridor expansion will have on our City. She said understanding those things and having a clear detailed budget with not just the basics, but overall capital improvements would be helpful.

Mayor Middleton said the City Manager will get with Finance Director, Community Development, and Council President Henderson and get back to you.

Nancy Taylor, Sherwood resident came forward and said she was a citizen, taxpayer and voter since she was 18 years old and present here tonight and has been present every Tuesday night since she said she would start coming. She applauded the Council for wanting these two committees but said she sat through most of the Special Committee meetings only to see the work they had done flushed down the toilet. She apologized for the vulgar term but said she felt duped and felt that what happened during the time she spent in these meetings was vulgar. She reminded the Council that it is not their City, it is the City of Sherwood and belongs to the citizens of Sherwood and belongs to the majority of the taxpayer and the businesses that continue to pay here, not the future business that we are banking on, but the current businesses. She referred to the theater and taking away their light, and referred to

Albertson and Safeway and said you are going to make all kinds of changes based on one development and these companies have been here a long time. She said she does not understand. She commented that Tigard is thinking of going with the Clackamas River and not the Willamette River. She said before you make any further changes think about what Susan Claus said. She commented sometimes the City Manager and the Mayor are new and may need something new like new attorneys and a new way of looking at the finances. She said they may need new things because they are new. She supports that we look at this when we review the Charter and they need to look at when you get a new group in they may have new ways of looking at things and suggested when you have new people you should give them tools to go before the community and ask them if they want new attorneys either attorneys that only represent our City, not a lot of cities. She asked them to think about this.

Ann Reid and Katie Boedigheimer from Sherwood Rose's Bakery came forward and commented about the removal of the traffic signal or good alternatives to their space. She said they have served and supported the community for 10 years, through events, the Chamber, sports, donations and have specials for veterans, seniors and kids. She said they are a local business concerned about the accessibility to the restaurant, our 40 employees and does not understand how it can be removed without an alternative in place or at least in the plan. She stated it is something that was meant to be there at the beginning so how can it be removed. She referred to Baler Road and said it is a nice idea for helping with connectivity but is too far away and does not seem reasonable for the main access. She said the main access is valuable to many businesses and is needed for vehicle traffic and safe pedestrian crossing. She commented that we have the ability to share between the two shopping centers with other businesses and she has met many of the small business owners and she has met amazing and enthusiastic individuals and losing even one of these businesses or their employees is disheartening, even losing our business if we lose customers. She said we need to focus on the community risk from removing the light not just how it works with the road improvement plan. She suggested focusing on the right-in from 99W and asked for help on a couple things. She asked to reopen the decision to remove the signal to either keep the signal or help us gain access from the right-in from Hwy. 99W. She proposed Washington County, City of Sherwood, and the community all work together with ODOT to review the alternative option for the right-in on 99W if it proves to be a better option than the light and said she would be happy to participate in this process. She said she spoke at the meeting this morning and was told that the County supported the right-in on 99W. She stated please let us know where the City is on this and how we can help speed up this process. She noted that without our signal we need the alternative on the right-in on 99W before the removal of the signal or we may not have enough business to keep serving employees and residents in this community and said the right-in off 99W will also help with traffic flow during the construction phase.

Katie Boedigheimer reiterated what Chris West and Ann Reid said that ever since Rose's found out that the signal was going to be removed they have reached out to people who have authority to say that they are not for this and it is not good for us. She said they have reached out to the Council, the Commissioners, Special Committee and made sure that they are the spokesmen for the employees at the restaurant and customers and if the signal is going to be removed, it is frustrating because they have fought for their front door to stay in. She said that last week the City Council had not taken a stand and then they found out this morning that they are supporting it. She said if the signal is taken out we need to ensure that the access that we are given is the right-in on 99W and we need Council to support that with us. She said her front door will be taken out and we need to know that people will still come to Rose's, to the movies, Crazy Sushi and all the businesses in the complex.

Ann Reid asked the Council for their support, guidance and direction in getting a decision and working with ODOT. Mayor Middleton said this would be addressed in Council comments.

Anthony Bevel Sherwood resident approached the Council and said he has lived here since 1998 and referred to an article in the Oregonian stating that SeaTac, Washington has a living wage of \$15 an hour. He asked how they can put this on a ballot and we are told that we can't do this with the laws and he doesn't understand. He said Sherwood had a golden opportunity to do what was right and we are going to have to live with that on our conscience. He said they have safe guards for small businesses and they will vote for that on Thursday. He suggested that we revisit this and said there are a lot of similarities between Sherwood and SeaTac.

Lori Stevens 15630 Farmer Way came forward and commented about the Charter and agrees with Council President Henderson that it is time we revisit this. She said she has been in Sherwood for 17 years and hasn't seen hardly any changes or updates. She commented on the restructuring and assumed that we are keeping the structure the same as far as a Mayor Council government where the decisions are made by an elected official and not a hired official in the form of a City Manager. She referred to the three at large citizens and they would also be part of the decision making body so when we restructure it or put it in place with the recommendation for whatever it still will be the same City government. She said in the way that City governments were planned for the most part you have Mayor, Council and a Manager hired to carry out the decisions made by the City Council and the Mayor or make sure that laws are carried out and help prepare the budget, they are not the be all end all, have the veto power. She said she hoped that is the intent and the plan under the new Charter.

Mayor Middleton thanked her and said they would get back to her. Mayor Middleton addressed the next agenda item.

9. COUNCIL ANNOUNCEMENTS

Councilor Butterfield gave a hand out to everyone that helped vote in Coach Lawrence for Coach of the Region in this particular region and said he is now going onto the second tier of voting where he could possibly win Region 8 and may win money and do good things. He thanked everyone for voting and said he is a great coach and a great asset for our City.

Mayor Middleton said the Council will recognize him in the near future thanking him for what he has done for the community.

Councilor Folsom said she appreciates the questions that the citizens pose and said there is a lot of value if possible, especially for the viewers watching, if we could answer some of those questions now, specifically with the Washington County meeting this morning. She asked if this is a good time. She announced that next week, October 25 and 26, is the opening for Beauty and the Beast and she invited everyone to come and said there are tickets available but doesn't know for how long. She said it will also run on November 1 and 2. She thanked the schools and Marianne Funderhide and Jeanette Godfrey for all their help. She also announced that this weekend is the Harvest Festival at Sherwood Middle School, which is family oriented and includes Spook Alley. She noted that this week they are rehearsing at the Senior Center as Spook Alley is being built.

Councilor Folsom referred to the comments from Meerta Meyer's about the budget process and asked Julie when the Budget Committee will be meeting. Julie Blums responded that they will be meeting next

Monday at 6:30 pm in this room. Councilor Folsom said the budget meetings, in advance of the process of adopting the budget, are when we are able to capture a lot of the questions that Meerta asked. She said a lot of the capital projects, such as the water treatment facility, when that came to the City there was a very large voter's pamphlet and said that is a good resource. She said what is great about the budget process, if you follow that along a lot of your questions can be answered.

Councilor Folsom asked Pam Beery when the last Charter update was. Pam responded 2008 but stated that her version copy was approved on March 1, 2005. She said she thought there were updates in 2008.

Council President Henderson clarified that in 2008 we removed the requirement to have an election that mandated an election to go to the Willamette River water, so we had that election and removed a line item, but we didn't make any other changes and we did not have a review committee and stated they did not have a Charter Review Committee in 2005 either. She stated the Council reviewed it but not the citizens.

Councilor Folsom noted that the Charter has gone to ballot with revisions and referred to comments of 17 years and said it has been more recent.

Pam Beery said 8 years in not unreasonable to review a Charter and commented that it is a lot of work and agreed that it is customary to have a citizen Charter Review Committee to make recommendations to the Council. She clarified that only the Council has the authority to refer and will receive recommendation from the committee.

Councilor Folsom admitted that the recommendations from the citizens are vital and referred to the last process where she voted not to send it to the ballot because citizen comments were not allowed. She said it is the constitution and representative of the citizens. She asked Mayor Middleton to address the Washington County conversation.

City Manager Gall explained that Mayor Middleton and Julia Hajduk can give you more information about the project, but he received an email from the Mayor to attend the Washington County meeting this morning and said they needed to know that the City is supporting the project, not just removing the light, but the whole project. He said he and Julia testified and confirmed that the City is in support of the project and they have similar concerns to the businesses and said they heard that the signal would not come out until Baler Way improvements are complete and that is important in terms of timing. He said the other aspect is if we should work with ODOT to push hard to get additional access to that property and he said they are willing to do that and need direction from the Council if that is what they want. He stated it was a good meeting with the County Board and there is an open house tomorrow night and there are still issues with pedestrian traffic and first responders that are important and suggested we all stay engaged. He said hearing the County staff say they would not remove the signal until Baler Way improvements were made was very important and we had not heard that until this morning.

Councilor Folsom said the signal is a small piece of the project and asked Julia to explain the scope of the project.

Julia said the overall project is \$12 million dollars and is basically through the intersection from Adams Avenue to Borchers, widening the intersection and there is a lot of local traffic but also freight and commuter traffic that goes through that section.

Councilor Folsom referred to the taxpayer's dollars and clarified with Julia that this money comes from taxes our residents pay to the region and is not part of our budget process, but it is regional money that could have gone to another community but they saw that this was a very large issue because it is incredibly crowded. She asked if Tom had something to add.

Tom Pessemier added that this regional fund was put in place in the late 1990s and it is taxpayer money and over the last 20 years most of the money that Sherwood has put in has gone elsewhere and now we are getting a proportional share back to our community. He said this \$12 million project puts us almost back to equal. He said the County is trying to address the concerns we have heard for the last 10 years that Tualatin Sherwood Road is a parking lot for a large portion of the time. He noted 99W and Tualatin Sherwood Road are both busy arterial roads and one of the highest used intersections in the State. He said they are going to extend an addition through lane from Tualatin Sherwood to Roy Rogers past Borchers before it comes back in and that should help with volume and get people through the intersection quicker. He said the other major key is additional turn lanes and said the County found it would improve the situation for 15 to 20 years, so not just short term, but has great magnitude and involves removal of the signal. He stated they have been working with the County for a long time and have had assurance at the staff level for the Baler Way improvements to be done before the signal is removed and fortunately they did this publically today and we can now focus on other things like a right-in on 99W.

Councilor Folsom asked how do we assure that Baler Way gets done before the signal is removed and possibly a right-in off 99W or some access.

Tom said they will continue to work with the County and make sure they do what they said and continue to have conversations. He stated that the City has not invested a lot of time with ODOT but if that is important to Council, staff will invest time to try to make it happen.

Mr. Gall said one suggestion is a simple motion directing staff and if it is bigger than access, such as timing of the signal, which is a challenge but is another thing we can talk about. He said a clear decision from the policy makers would be helpful for the staff when they are trying to get additional access to that site.

Councilor Folsom said she supports doing whatever we can to ensure that those businesses have great access and are very vibrant businesses.

Councilor Clark agreed and said we need to be forward thinking in addressing congestion and we are receiving \$12 million here and she moved that we direct staff to work now diligently with ODOT to get those businesses their right turn access from Hwy 99.

MOTION: FROM COUNCILOR CLARK TO DIRECT STAFF TO WORK WITH ODOT TO OBTAIN THE RIGHT TURN ACCESS FROM WHAT I WILL CALL THE REGAL CINEMA COMPLEX FOR BETTER TURN FROM HWY 99, SECONDED BY COUNCILOR GRANT, MOTION PASSED 7:0, ALL PRESENT COUNCIL MEMBERS VOTED IN FAVOR.

Mayor Middleton said staff would get back to the property owners and keep them informed. City Manager Gall confirmed.

Julia talked about the process and reiterated that it has been a long process getting to the point of making a decision on design option and there is still flux and that is what this is moving into. She said they have to look at several aspects, such as pedestrian access and emergency safety and that is what the County is working on now and staff is working on this and it is still very important to stay involved in the process and go to the meeting tomorrow night and share concerns. She said as they define the design they need to address as many issues and concerns as they can.

Mayor Middleton thanked Julia for getting involved and said now we are more informed and we will help the property owners as much as we can and this is a good project for Sherwood and said the County has really opened up to us.

City Manager Gall reiterated and said there are a lot of questions, especially from Chairman Duyck, as to why Sherwood is now concerned and from the County's perspective they have been talking about this for a while, but the reality is a lot of people just found out about it and they are now asking questions and want to understand why this is happening. He said the County is now doing something and listening.

Mayor Middleton thanked them for attending the meeting and giving our perspective on the project and said it will work a lot better than it would have had we not gotten involved to the extent that we are.

Council President Henderson suggested that after the open house tomorrow night we open a dialogue with ODOT on an access point off of Hwy 99 and asked if there is some place on the website where citizens can go for updates.

Julia said she thought there was something already on the website but she will make sure and make it easy to find.

Councilor Butterfield commented that they are all Councilors but in reality they are citizens and when they vote they vote for what they believe will benefit our community. He said even though they don't always agree, it is still a democracy and we are part of it and they work hard to try to make decisions based on good information and what is best for our community.

Councilor Clark thanked everyone that attended the Onion Festival last Saturday. She said it was an awesome event by the Chamber.

Mayor Middleton announced that there would be a Veterans Day event with more information to follow.

Mayor Middleton addressed the next agenda item.

10. CITY MANAGER REPORT

City Manager Joseph Gall reported that the Veterans Day event will be on Veterans Day, November 11, at the Sherwood High School Commons. He said he hopes that once the Community Center is built the event will be held there.

Mr. Gall addressed some of the issues he heard tonight. He said Susan Claus asked about the RFP for the City Attorney and said he is waiting for direction from the Council, as the City Attorney works at the pleasure of the Council. He stated they had an RFP this summer and only received one proposal and said nobody was happy with the process and he is looking for direction.

Councilor Folsom clarified that we received one proposal from the RFP and that was from our attorney.

Mr. Gall said that is correct. He said he has not opened the proposal. He asked if they want to do another RFP to get a better result or another option is to hire our own City Attorney. He said the attorney works directly for the Council and he is ready to go whatever route.

Mayor Middleton said that in their meetings with Mr. Gall they can express what they want and we can come up with a consensus from Council.

Mr. Gall agreed and said he is not looking for an answer now, but stated that it is important and people want to know and they deserve to know what we are going to do in that process.

Mr. Gall referred to Mr. Kristensen cautioning not to go too fast in the charter review process and he agreed that it should not be rushed.

Mr. Gall referred to Meerta's questions and based on Special Committee experience, she asked if there would be a significant cost for the Charter Review Committee and he stated there would not be. He referred to concerns of attorney support for the committee and he will speak to the Council about that. He said he does not anticipate too many costs. He said at the beginning they would need attorney support to spell out the rules, and then attorney cost at the end, but does not anticipate attorneys at every meeting. He said he will attend every meeting, but that is part of his job.

Mr. Gall commented on the reference to SeaTac and said he is not an expert in this area, and would refer to Pam Beery, but he is guessing it is the fact that it is Washington and we are Oregon. Pam Berry said she would get back to Council on that.

Mr. Gall referred to Ms. Stevens comments and he clarified that her comment that we have a Mayor Council form of government is incorrect, and stated we have a Council Manager form of government and there is a big difference. He said that is part of Charter and people can understand the relationship between the Council and the Manager form of government and he said he would meet with Ms. Stevens individually to explain this.

Mayor Middleton suggested that Beaverton has a Mayor Council form of government. Mr. Gall said that is correct, they have a strong Mayor Council form of government.

Councilor Folsom noted that he gets paid. Mr. Gall said Beaverton is the only true strong Mayor form of government in Oregon.

Mayor Middleton asked about Portland.

Mr. Gall said that Portland has a weak Mayor form with a Commission and it is more of a hybrid. He said these are things we will be talking about in the review of the Charter.

Mayor Middleton thanked Public Works for the update report and said they are very valuable.

11. ADJOURN

Mayor Middleton adjourned the regular session and reconvened to the Executive Session at 8:47 pm.


EXECUTIVE SESSION

1. **CALL TO ORDER:** Mayor Middleton called the meeting to order at 8:55 pm.
2. **COUNCIL PRESENT:** Mayor Bill Middleton, Council President Linda Henderson, Councilors Dave Grant, Robyn Folsom, Bill Butterfield and Krisanna Clark. Councilor Matt Langer was absent.
3. **STAFF AND LEGAL COUNSEL PRESENT:** City Recorder Sylvia Murphy and City Attorney Pam Beery.
4. **TOPIC:**
 - A. City Manager Performance Evaluation, pursuant to ORS 192.660(2)(i) Performance Evaluation and 192.660 (2)(f) Exempt Public Records.
5. **ADJOURN:**

Mayor Middleton adjourned the Executive Session at 9:05 pm and reconvened the regular Council session to adjourn the regular session. No other business was conducted.

Mayor Middleton adjourned the regular Council session at 9:07 pm.

Submitted by:


Sylvia Murphy, MMC, City Recorder


Bill Middleton, Mayor